

CALIFORNIA COMMISSION FOR ECONOMIC DEVELOPMENT

QUARTERLY MEETING
FRIDAY, JULY 20, 2007
Governor's Council Room, State Capitol, First Floor
9:30 a.m.

MINUTES

A meeting of the California Commission for Economic Development was held on July 20, 2007.

Commission Members Present

- Lt. Governor John Garamendi, Chair
- Mr. Hector Barreto
- Mr. Omar Benjamin
- Ms. Virginia Chang Kiraly
- Mr. David Crane
- Mr. Daniel Curtin
- Ms. Forescee Hogan-Rowles
- Mr. Tom Nassif
- Honorable Lori Saldaña
- Dr. Demos Vardiabasis

- Honorable Mike Machado
- Honorable Leland Yee, Ph.D.
- Ms. Ashley Swearengin (appointment not yet official)
- Mr. Aubry Stone (appointment not yet official)

Others in Attendance

- Richard Baum, Executive Director
- Michele Gault, Deputy Director
- Wayne Schell, Guest Speaker
- Christopher Thornberg, Guest Speaker

Commission Members with Excused Absences

- Honorable Bob Dutton

There was a quorum present.

WELCOME

The meeting was called to order by the chair, Lt. Governor John Garamendi. He welcomed the commissioners and members of the public to the first meeting of the California Commission for Economic Development (Commission).

The Lt. Governor expressed his excitement about the role the Commission could play in helping address such challenges facing the state as population growth, climate change, increased international economic competition, and rapidly changing demographics.

INTRODUCTIONS

The members of the Commission briefly introduced themselves. Lt. Governor Garamendi also noted that Resources Secretary Mike Chrisman was in attendance.

OATH OF OFFICE

Lt. Governor Garamendi administered the oath of office to the Commissioners.

CED OVERVIEW

Executive Director Baum provided an overview of the Commission, its statutory mandate, general purpose and commission composition. (See attached Government Code Section 14999 et seq. for more information.)

BYLAWS DISCUSSION AND VOTE

Executive Director Baum presented the proposed bylaws to the Commission.

Lt. Governor Garamendi stated that the proposed bylaws are a starting point for discussion and can be modified in the future.

Commissioner Crane recommended that the Commission define economic development and that the definition include measures of changes in job growth, wage and costs to taxpayers. Lt. Governor Garamendi observed that the Commission's specific goals should be established and thoroughly discussed at a future meeting.

Executive Director Baum summarized Commissioner Crane's recommendation into the need for the CED to craft a mission statement and set of objectives.

A **MOTION** was made by Lt. Governor Garamendi to approve the bylaws. The motion was seconded and adopted to approve the bylaws. (see attached)

VICE CHAIR

Lt. Governor Garamendi proposed that Commissioner Thomas Nassif serve as Vice Chair.

A **MOTION** was made, seconded and adopted approving Thomas Nassif as the Commission's Vice Chair.

FUTURE MEETING

The following dates were proposed for the next Commission meeting:

- November 5, 2007
- November 6, 2007
- November 7, 2007

The following locations were suggested for the meeting:

- Los Angeles region
- San Diego region

CALIFORNIA ECONOMY OVERVIEW

Dr. Christopher Thornberg, Principal of Beacon Economics, delivered a presentation on the current state of California's economy. (See attached PowerPoint presentation). Dr. Thornberg provided detailed information on the state's economic growth patterns, using statistics to show that California's business climate is much healthier than some media articles have indicated. He noted, however, that future challenges to economic growth are the educational attainment gap, housing costs and infrastructure needs.

ECONOMIC DEVELOPMENT IN CALIFORNIA

Mr. Wayne Schell, President and CEO of California Association of Local Economic Development (CALED), delivered a presentation on the efforts of CALED and the evolution of economic development efforts in the State. He described government's role in local economic development and the tools available to provide assistance to businesses looking to start and expand. (See attached PowerPoint presentation.)

DISCUSSION

Lt. Governor Garamendi opened the discussion period by seeking from the other commissioners their sense of the value of having a mission statement.

Commissioner Crane stated that having a well-defined mission statement would provide the Commission with a starting point for determining whether or not it was successful. Commissioner Hogan-Rowles observed that in crafting the mission statement the Commission should develop

quantifiable measures to ensure that the Commission reaches its goals and objectives. Such measures, she noted, should address social justice, climate change, wealth and jobs. Commissioner Crane added that there should be a measure that relates to sustainable growth. Commissioner Benjamin noted that the Commission's work could directly support, accelerate and help state government fill in gaps with respect to overall economic development policy and practice.

Commissioner Vardiabasis commented that America is a magnet of global human capital and that the higher education system in California has been at the center of that magnet. He said that the leadership in California must have the courage to move higher education forward. He expressed concern that in recent years other countries have become better able to educate their own people and better able to attract their citizens, who were educated in United States. Lt. Governor Garamendi, as a Regent of the University of California, agreed with the need for such forward movement and noted as well the need for our education system to address the challenges of an increasing foreign-born population in the state.

Vice Chair Nassif inquired as to the status of the Commission's budget. Lt. Governor Garamendi responded that the budget is small but the law establishing the Commission provides multiple opportunities to seek and obtain funding for the Commission's efforts.

Executive Director Baum advised that Commission staff would be meeting individually with the Commissioners to follow up on the mission statement discussion and to collect their further thoughts and ideas.

THEMES FOR FUTURE ACTION

Lt. Governor Garamendi stated that to ensure that the Commission's work is truly beneficial, it must focus on those issues that matter, issues the resolution of which will truly move the state forward. He identified two key issues he believes the Commission should address in the near term. The first arises from the immediacy of AB 32: What will it take to create a "sustainable growth economy"? He observed that California has long been an incubator for sustainable technology and that venture capital continues to flow into such new energy technologies as photovoltaic and solar power; he said that California agriculture is actively involved in the production of ethanol and other biofuels; and that the state government itself can play a leadership role by applying sustainability principles to its energy consumption and procurement policies. The second issue he identified asked how can California train and educate a globally competitive workforce? He noted that recent projections regarding California's labor market suggest a severe mismatch between the level of skills the population is likely to possess and the level of skills that will be needed to grow the economy. He cited Career Technical Education and Workforce Development efforts at the Community Colleges as areas for the Commission to explore. (See attached Powerpoint).

DISCUSSION

Commissioner Benjamin, in response to the Lt. Governor's remarks, proposed creating a "dashboard" or "scoreboard" that could be viewed online to track the progress of the Commission's work.

Commissioner Curtin observed that to build a sustainable economy and a positive business climate the commissioners should keep in mind the importance of infrastructure and education. He said that there is currently a gap between the infrastructure we need and the infrastructure we have. He suggested that public-private partnerships can be developed that will assist the state in closing this gap. Commissioner Chang Kiraly concurred with Commissioner Curtin, noting that the private sector can play an important role in supporting and partnering with public institutions such as the state's community colleges

Commissioner Barreto stated that government itself cannot create the kinds of jobs the economy needs, but can play an important role in crafting policy that creates an environment in which entrepreneurs of today and tomorrow can flourish. He also mentioned that the Commission should explore how tax policy can be used or changed to further economic growth, particularly with respect to developing the small business sector.

Assemblymember Saldaña pointed out that health care had received little attention in the discussion thus far. She said that because of its economic impact on individuals and businesses, it should be a key issue for the Commission. She also noted that, in addition to green buildings, a sustainable economy requires a better trained workforce than currently exists.

Lt. Governor Garamendi concluded the discussion by directing staff to prepare a "to do list" for the Commission which should include preparation of a mission statement and a proposal for advisory committees to be presented at the next Commission meeting.

PUBLIC COMMENT

No Public Comment

ADJOURNMENT

There being no other business, the meeting was adjourned at approximately 12:30 p.m.

Minutes submitted by Josh Franco, CED/Lt. Governor's office intern

Approved November 7, 2007